

Donald Duckworth <duckworth.donald@gmail.com>

Sat, Jun 9, 2018 at 9:00 PM

To: Laura Aflalo <lauraafalo@gmail.com>

Cc: Fanny Levin <fanny@fischproperties.com>, Richard Jebejian <richardjent@yahoo.com>, Anat Escher <AnatEscher@yahoo.com>, Paul Koretz <paul.koretz@lacity.org>, Joan Pelico <Joan.Pelico@lacity.org>

Bcc: rita.moreno@lacity.org

Thank you for the thoughtful questions, Laura. We have worked hard to earn your support and hope that our answers resonate with you. We do believe that the program of services that we have implemented since 2015 has made a positive difference on Melrose and helped in its revitalization. We want to again apologize for the delay in responding but it seemed that Board input about my proposed responses was important, which takes time.

First we want to acknowledge the difference between a budget (planning tool) and actual expense management. We have previously sent you under separate cover the Melrose BID's 2017 year end Expenditure Report, which reports on what we have actually done in the most recent full year. The MBIA Board has been tight-fisted while spending wisely to serve strategic needs. The 2019 budget is our plan for 18 months from now, which may or may not be modified as time passes and needs change.

Security / Ambassador Services Program

The budget category "Security / Ambassador Services" includes more than just a patrol person who serves as both unarmed security and an ambassador. A detailed program activities log is kept; we've responded to 1,750 "calls" since the service was initiated in September 2016. (26.5% are business initiated; 88.5% are transient related; 1.7% are at least potentially "violent.") In 2017 two patrol persons worked for much of the year on a 7-day, 8-hours per day schedule based upon business and property owners' requests; it was a difficult year. When our surplus funds were spent we had to scale back to a single officer on a 40-hour, variable, 5-day schedule. In 2019, with BID renewal, the MBIA wanted to be able to return to a 7-day, 8-hours per day schedule if the need was present. Our BID ambassador is effective at managing homeless issues, restricting petty crime, and has even facilitated a felony arrest or two through keen observation and quick contact to appropriate LAPD resources. We have instituted a "closed Facebook page" for Melrose businesses to strengthen their independent capacity and harden the target.

The "Security / Ambassador Services" budget category also includes \$1,000 per month beginning in 2019 for a non-profit homeless services contractor such as Venice 4 Square Church or PATH or another such entity. Such a provider serves as the placement component of the BID's service package. We are currently operating without this service. Maybe it won't be necessary in 2019. If that's the case, the money will not be spent.

The "Security / Ambassador Services" budget category also includes \$1,300 per month for a contract vendor to administer the BID's anticipated "universal valet parking" program beginning in 2019. The vendor would be the same entity employed by the 3rd Street merchants' to perform the similar work. Melrose BID has been able to assist a number of businesses obtain City entitlements even though they did not meet minimum parking requirements based upon the BID's promise to manage parking for their needs. We'll need to fund that promise. That said, we hope that fees charged to provide the service will offset any cost to the BID, it could even generate revenue. In any case, the BID will have to reflect an expenditure in this budget category.

Landscaping, Sanitation, & Beautification Services Program

The budget category "Landscaping, Sanitation, & Beautification Services" includes: \$1,200 per month for weekly street sweeping; \$1,200 per month for 3- or 4-times per week collection of sidewalk trash receptacles; \$1,300 per month for 1-time per week porter service to control graffiti, stickers, special debris collection, etc; \$3,600 per month for 1-time per month sidewalk pressure washing; \$1,200 per month for bulk item collection; \$1,200 per month for tree trimming and \$1,000 per month for special projects. The total is about \$12,000 per month. If the need isn't there the money isn't spent. These services are closely

tied to homeless issues management. Furniture, or bedding, or even cardboard that is left in an alley becomes a homeless encampment overnight. Alley encampments quickly become roof-top living with open fires and we've seen a number of those become building fires or other problems. One of the ways that the BID has worked well with LAPD is by being able to remove encampment debris quickly and effectively and before re-occupancy can occur. Hopefully the Mayor's new plans will mean that the homeless issue is all resolved by 2019 and much of these anticipated costs can be saved. At this point, however, the MBIA didn't believe that to be a realistic budget planning alternative.

The Melrose BID competitively bids for service alternatives and will continue to do so as we move into the future. The service provider we have been using, Clean Streets Inc., has proven to be economical and effective so we've continued to use them.

Policy Development, Management, & Administration

The budget category "Policy Development, Management, & Administration" includes general administrative and management functions. The Executive Director is the main line item expense here. Melrose is fortunate to have been able to attract a retired city manager with 35-years of management, political, policy, economic development, redevelopment, public works, construction, and real estate experience. He is contracted for 20-hours per week. He is the reason the Melrose BID was awarded a \$4 Million MTA grant to enhance the pedestrian experience and he has the ability to assure BID property owners that they can optimize their potential from the use of these funds. He is the reason that the BID's "universal valet parking program" has been as successful as it has and offers the capacity to see that innovation to completion.

The Future Vision Project consultant cost was a 1-time expense for consultant services to assist in preparation of a strategic action plan for Melrose revitalization. Other such consultant expenses will be incurred from time to time. A consultant planner assisted in preparing the justifications for including enhanced zoning and land use measures that will benefit Melrose in the soon to be proposed Hollywood Specific Plan Update 2. (This effort avoided maybe hundreds of thousands of dollars of costs for applications, fees, environmental work, etc. that would have been spent by a private applicant to receive these same considerations from City planning.) Another consultant has assisted in the still pending prioritization of alley repair projects; hopefully a funding mechanism can be incorporated too. Other possible future consulting assignments might include grant applications for additional capital improvement funds; lighting plans / grants; and, other special projects as deemed meritorious by the MBIA. These costs are included in this budget category as a matter of convenience and not necessarily because they are a general overhead costs attendant to BID operations. They represent opportunities for significant new gains in value by local property owners that other areas do not possess. So it is not correct to consider them as administrative overhead.

Finally, the Urban Legend costs have also been included in this budget category as a matter of convenience and not necessarily because they are a general overhead costs attendant to BID operations. They represent opportunities for significant new gains in value by local property owners that other areas do not possess. So it is not correct to consider them as administrative overhead. The Urban Legend costs provide for marketing and promotions services including required newsletter publication, merchant and property owner events, problem focused workshop sessions such as currently being conducted for trash pick-up problem resolution, farmers market or special event development, etc.

General Benefit Contribution From City - \$36,564 / yr

The Melrose BID formation documents have been prepared in such a way that justifies a 6% "General Benefit" contribution from the City to the BID. These funds are granted to the Melrose area every year that the BID operates. They would not exist if it were not for the BID. The manner in which this amount is calculated is that BID costs are "grossed-up" by 6%, which makes expenditures look bigger. Every \$1,000 in BID budget expense is actually \$60 less, or \$940. Don't mis-understand what's really going on here.

MTA Call for Projects Grant - \$4 Million

The first capital improvement funding that anyone can recall with any potential for enhancing business on Melrose was produced by the Melrose BID's receipt of about \$4 Million in MTA Call for Projects grant funds for "first mile, last mile" pedestrian improvements in the BID area. What a tremendous return on investment for BID property owners! BID assessments totaled \$2.5 Million over 5 years. In return, property owners stand to reap \$4 Million in pedestrian enhancements. If the BID is not renewed, the grant funds may well disappear. Moreover, if the BID Board and management team is not in place to advocate for effective use of those funds, the bureaucrats at City Hall could well be expected to convert any funds to their own purposes while ignoring the private sector big picture needs of the District.

Other Melrose BID Leveraged Returns to Property Owners / Businesses

- The BID has been responsible for adding about 10 on-street parking spaces.
- The BID has been responsible for removal of the peak AM parking restriction along the entire length of the street.
- The BID has secured approval of 1 or 2 additional pedestrian crosswalks; one @ Stanley and one @ Orange.
- The BID is in the process of working to enable new on-street parking on Ogden, an adjacent street, and in front of Fairfax High School.

Laura, please excuse the delay and length of this response to your email. I'm hoping you can see that we have much to discuss and work on in the coming years that will provide significant benefits and return to property owners of the District. We're looking forward to work with you in that regard.

As we can answer any questions or assist in any way, please contact me.

On Wed, Jun 6, 2018 at 4:02 PM, Laura Aflalo <lauraafalo@gmail.com> wrote:

Attn: Board Members: Deny Weintraub, Silvia Weintraub, Julian Chicha, Pierson Blaetz, Isack Fadlon, Daniel Farasat & Fred Rosenthal

I believe it's very important we have a BID. Safety and cleanliness are of utmost importance. It's good for property owners, tenants and shoppers.

At the same time, as property owners, we have our own set of challenges, i.e.: operating expenses, vacancies, vandalism, homelessness, etc.

I see the BID is in a renewal process. I do have questions regarding the services and costs of services.

Regarding the Multi-Year Budget / Service Plan 2019:

A) I noticed that the Ambassador / Security Services is \$159,600 for the new budget, 2019. Is this for an ambassador or security guard? This amount seems extremely high. Is there more than one Ambassador working 40 hours per week? Please inform the number of ambassadors working 40 hours per week.

B) Landscaping, Sanitation & Beautification: \$144,000 per year. Frankly, as a property owner, we pay for trash pick-up and cleaning around our properties. We continue to have these problems. So we're asking what are the benefits for Landscaping, Sanitation & Beautification for this annual cost of \$144,000. Please inform.

F) Policy Dev. Mgmt. & Administration: Last year, 2017, I see an expense for Melrose Future Vision Project. \$33,601. In addition, there was a second expense for Urban Legend for \$34,800. What is this for exactly? These costs are in addition to paying the executive director \$72,000. There, alone, is \$140,000 for Policy Dev. Mgmt. & Administration. Below reflects the 2017 Expenditures - 10/31/17:

Executive Director	\$72,000
Melrose Future Vision Project	33,601
Urban Legend	<u>34,800</u>
	\$140,401

The annual budget for 2017 is approximately \$580,000 and \$140,000 has been spent on Administration, salaries and consulting. In 2017, approximately 26% of the budget went for administration. This is an exorbitant amount of money for these line items. It does not leave much funds left for cleaning and safety.

Once again, we are in favor of a BID that helps us improve our properties; however, the costs of the services must be justified.

Please respond to my questions / concerns indicated above as soon as possible since this sensitive subject matter is time sensitive.

Thank you.
Laura